

**Glenda Wiles**

**From:** Mike Harbour [mharbour@mtcounties.org]  
**Sent:** Tuesday, January 20, 2009 9:07 AM  
**Subject:** Forest Payments Jan 2009  
**Attachments:** Jan 2009 Forest Payments.xls

Treasurers and Commissioners,

The U.S. Forest Service has released the Federal Forest Payments to State Treasury's for Federal Fiscal Year ending Sept. 30, 2008. Because Montana law requires interest be paid on this money if it is not immediately distributed to each county, I expect the payments to issued this week. There is, however, a wrinkle this year in that Montana law needs to be amended to comply with the new federal laws.

Congress passed a reauthorization of the Secure Rural Schools and Community Self Determination Act of 2000 as a part of the first bail-out bill, which became Public Law 110-343. This legislation significantly altered how Title II and Title III monies may be used and also included a new category of "Counties Receiving Modest Distributions."

**Major Highlights of PL 110-343:**

Reauthorized SRS for four years FFY 2008 - 2011 (Payments are to be made as soon as practical after October 1 each year).

- Counties could choose to remain under an altered 25% formula which is based upon an average of the actual forest receipts during a seven-year rolling average. Carbon and Lake counties chose this option as indicated in Column A in the attached spreadsheet. All others chose to Opt-in to the Transition Payment as shown in column B of the spreadsheet.
- Counties choosing to opt-in were required to make elections as to how the payment is to be distributed under the general guidelines below.
  1. Counties receiving over \$350,000 are required to designate at least 15%, but no more than 20%, to Title II and/or Title III projects - with the added restriction that no more than 7% could be designated to Title III projects.
  2. Counties with "Modest" distributions, being more than \$100,000 but less than \$350,000, were required to designate at least 15% but no more than 20% to Title II and/or Title III projects without the 7% restriction.
  3. Counties with "Minimal" distributions, being less than \$100,000 are not required to designate any portion to Title II or Title III projects but are not precluded from doing so.
  4. All money not designated to Title II or Title III money is to be distributed in accordance with state law, which I will discuss later.
  5. In counties choosing to receive the 25% payment, the entire amount is distributed in accordance with state law.

- Congress place significant restrictions on how both Title II and Title II money may be used. Complete rules should be available in the coming months but in general, Title II and Title III money must be used as follows:

***Title II funds may be used for the for protection, restoration, and enhancement of fish and wildlife habitat, and other resource objectives consistent with the Secure Rural Schools Act on Federal land and on non-Federal land where projects would benefit the resources on Federal land***

The purposes of the Secure Rural Schools Act include making additional investments in, and creating employment opportunities through projects that:

- improve the maintenance of existing infrastructure;
- implement stewardship objectives that enhance forest ecosystems; and
- restore and improve land health and water quality;

The funds may be used for projects that enjoy broad based support and have objectives that may include--

- road, trail, and infrastructure maintenance or obliteration;
- soil productivity improvement;
- improvements in forest ecosystem health;
- watershed restoration and maintenance;
- the restoration, maintenance, and improvement of wildlife and fish habitat;
- the control of noxious and exotic weeds; and
- the re-establishment of native species.

***Title III is modified by changing the types of activities eligible for funding, by adding a certification requirement, and by requiring counties to return funds not obligated by Sept. 30, 2012, to the Treasury.***

- **Eliminates some authorized uses:** e.g., community service work camps, easement purchases, forest related after school programs, planning efforts to reduce or mitigate the impact of development on adjacent Federal lands.
- **Title III funds may be used *only* to carry out the Firewise Communities program, develop community wildfire protection plans, and reimburse for emergency services paid for by counties and performed on Federal land** (e.g. search and rescue, firefighting).
- There is a new requirement that counties allocating funds for title III projects must submit a **certification that the funds were used in accordance with title III (including a description of amounts and uses).**
- **The authority to initiate title III projects now terminates on September 30, 2011.** There is a new requirement that funds not obligated by September 30, 2012, be returned to the Treasury.

Attached you will find an Excel spreadsheet which contains two tabs labeled: "January 2009 Forest Payments" and "Distribution Worksheet". Discussion of the page labeled "January 2009 Forest Payments." Is below:

- Column A - The amounts of the 25% payment for counties choosing that option.
- Column B – The county share of the State Payment or Transition Payment. This represents the total for Titles I, II and III.
- Column C - The amount designated to Title I
- Column D – The amount designated for Title III

- Column E – The total of Title I and III or the 25% payment for counties that chose that option. This is the amount that will be sent to each county by the state treasury unless the distributions are not made by the state immediately, in which case there will also be an amount added for interest. Any amount in excess of the amount in column D that you receive will be interest and should be deposited to the county general fund.
- Column F – This is the amount that counties designated to Title II projects and is not distributed to counties but rather is held at the federal treasury and is used to directly pay for projects designated by the local Resource Advisory Committee.
- NOTE: Each county's Title III money plus the amount not distributed to the State Equalization Accounts ( 22 and 33 mills) is the amount reported to the Bureau of Land Management as a Prior Year Payment and is used in the calculations for Payment in Lieu of Taxes in the FOLLOWING federal fiscal year (Oct 1 – Sept 30)

Under the tab labeled "Distribution Worksheet" is a small spreadsheet to assist in calculating how the 25% payment or Title I payment, whichever is applicable, is to be distributed in accordance with state law. At the top is an example to use as guidance in completing the calculations. The bottom is the sheet where you can make those calculations. In cell D8 (rose), you need to enter the amount for either the 25% payment or Title I payment from the first spreadsheet. It is highlighted in rose. The number that appears in cell E9 (light yellow) is the amount that goes to the county Road Fund.

You then need to enter the number of mills levied in your county for this year (FY-09) for each of the county-wide retirement and transportation funds. Some counties only have a single retirement fund. In that case enter the number of mills levied for that fund in either cell and enter 0 in the other. The spreadsheet will then determine the dollars to be distributed to each of those five funds. The total in cell G19 should be the same as in cell E10. If not, please re-check the amounts you entered. If you have any trouble or questions, it will work better if you send me an e-mail as I am very difficult to contact via phone during the legislative session.

**I would really appreciate it if you could send me a copy of the completed calculations for your county. This information is very valuable to have readily available.**

Speaking of the Legislature, because of the changes in the federal laws, it is necessary to amend Montana statutes to be in compliance with the new federal law. Rep. Pat Ingraham sponsored HB 45 at our request. The bill passed third reading on Friday and is headed to the Senate where I anticipate Sen. Aubyn Curtiss will carry the bill. You may recall she sponsored SJ 4 in 2007 which was a resolution of the Montana Legislature in support of reauthorization of SRS.

I will request that HB 45 be assigned to committee and heard as soon as possible. As of today I do not know if the state will wait to make the payments to counties until this bill has been signed into law or will go ahead and make the payments immediately. There may be sufficient "wobble room" in current law that the state will make the payments immediately rather than waiting so they do not have to pay interest until it is distributed.

The text of HB 45 is at: <http://data.opi.mt.gov/bills/2009/billpdf/HB0045.pdf>

For additional information about SRS please go to: <http://www.fs.fed.us/srs/>

Again, if you have any questions, please send me an e-mail to [hblattie@mt.counties.org](mailto:hblattie@mt.counties.org)

Thanks,

Harold

L Harold Blattie  
Executive Director  
Montana Association of Counties  
2715 Skyway Drive  
Helena MT 59602

(406) 444-4360 Office  
(406) 442-5238 Fax  
[hblattie@mtcounties.org](mailto:hblattie@mtcounties.org)

Report 10-3, Forest Service fiscal year 2008 payments (county share) January 12, 2009	A	B	C	D	E	F
	County Share of State's 25% Payment (7 year rolling average)	Projected County Shares of the State Payment* (Transition)	County Shares of the State Payment* (Transition)	County Shares of the State Payment* (Transition)	Total Payment Sent to County	Total Retained at US Treasury
Eligible County	FY2008	FY2008	Title I \$\$	Title III \$\$	Title I plus Title III	Title II
Beaverhead	\$0	\$1,786,207	\$1,518,276	\$125,035	\$1,643,311	\$142,897
Broadwater	\$0	\$369,437	\$313,766	\$0	\$313,766	\$55,371
Carbon	\$39,606				\$39,606	\$0
Carter	\$0	\$200,792	\$170,673	\$30,119	\$200,792	\$0
Cascade	\$0	\$207,546	\$176,414	\$31,132	\$207,546	\$0
Chouteau	\$0	\$41,123	\$41,123	\$0	\$41,123	\$0
Deer Lodge	\$0	\$373,908	\$317,822	\$26,174	\$343,996	\$29,913
Fergus	\$0	\$129,747	\$110,285	\$0	\$110,285	\$19,462
Flathead	\$0	\$2,365,259	\$2,010,470	\$0	\$2,010,470	\$354,789
Gallatin	\$0	\$632,352	\$537,499	\$0	\$537,499	\$94,853
Glacier	\$0	\$58,540	\$58,540	\$0	\$58,540	\$0
Golden Val.	\$0	\$44,080	\$44,080	\$0	\$44,080	\$0
Granite	\$0	\$1,161,431	\$987,216	\$81,300	\$1,068,516	\$92,914
Jefferson	\$0	\$534,518	\$427,614	\$37,416	\$465,031	\$69,487
Judith Basin	\$0	\$617,631	\$524,987	\$43,234	\$568,221	\$49,411
Lake	\$53,959				\$53,959	\$0
Lewis&Clark	\$0	\$1,092,356	\$928,503	\$0	\$928,503	\$163,853
Lincoln	\$0	\$7,171,979	\$6,096,182	\$201,533	\$6,297,714	\$874,264
Madison	\$0	\$901,210	\$766,029	\$36,048	\$802,077	\$99,133
Meagher	\$0	\$783,674	\$666,123	\$54,857	\$720,980	\$62,694
Mineral	\$0	\$1,607,849	\$1,366,672	\$112,549	\$1,479,221	\$128,628
Missoula	\$0	\$1,041,798	\$885,528	\$72,926	\$958,454	\$83,344
Park	\$0	\$1,052,875	\$894,944	\$73,701	\$968,645	\$84,230
Pondera	\$0	\$151,387	\$128,679	\$22,708	\$151,387	\$0
Powder River	\$0	\$845,342	\$718,540	\$59,174	\$777,714	\$67,627
Powell	\$0	\$1,746,864	\$1,484,834	\$0	\$1,484,834	\$262,030
Ravalli	\$0	\$1,884,278	\$1,601,636	\$0	\$1,601,636	\$282,642
Rosebud	\$0	\$124,090	\$105,477	\$18,614	\$124,090	\$0
Sanders	\$0	\$3,325,329	\$2,826,529	\$232,773	\$3,059,302	\$266,026
Silver Bow	\$0	\$198,228	\$168,494	\$0	\$168,494	\$29,734
Stillwater	\$0	\$214,864	\$182,635	\$0	\$182,635	\$32,230
Sweet Grass	\$0	\$469,142	\$375,314	\$0	\$375,314	\$93,828
Teton	\$0	\$264,074	\$224,463	\$39,611	\$264,074	\$0
Wheatland	\$0	\$123,214	\$104,732	\$18,482	\$123,214	\$0
<b>TOTAL</b>	<b>\$93,565</b>	<b>\$31,520,823</b>	<b>\$26,764,078</b>	<b>\$1,317,386</b>	<b>\$28,175,029</b>	<b>\$3,345,794</b>

\* NOTE: See "County Distribution Worksheet" tab below. This worksheet will allow you to calculate the apportionment of the 25% or Title I amount correctly. Insert your county's 25% or Title I amount in the indicated cell to determine the dollar amount to deposit to your county road fund. Next you will need to insert the number of mills levied in your county for your county-wide elementary and high school retirement funds and your county-wide transportation levy for the current year. The worksheet is pre-populated with the number of mills for the state-wide levies that receive a portion of this money. The worksheet will then calculate the amount to be distributed to all other funds receiving an allocation.